Proposed Changes to 61a1 Funding Formula
Bulleted "Talking Points"
Fall 2014

<u>Goals</u>
- Goal 1: Update to reflect today's cutting-edge, rigorous, and relevant CTE
  - "Any time, Any place, Any way, Any pace"
  - Academic and Technical Rigor
  - Secondary/Postsecondary linkages
  - Programs lead to High Skill/High Wage/High Demand careers
- Goal 2: Increase transparency of formula (Simplify)
  - Regression analysis showed that two factors significantly determined funding in current formula: State Rank, and Student Hours
- Goal 3: Consistent with legislative intent of 61a1 funding (maintain)
  - Minimize extreme changes in amount of funds allocated by CIP Code at state level (compared to current)

<u>Current 61a1 Formula</u>
Based on:
- Type of program
  - Location of CIP Code on rank list
  - Added Cost Factor (based on median of three years of expenditures reported, by Career Cluster, adjusted for median Foundation Allowance)
  - Special rules for Less-Than-Class-Size, Co-op, New and Emerging
  - Excludes Summer Course Sections (except for Agriculture and Cosmetology)
- Number of pupils enrolled
  - Capped at 22 (except if additional staff are reported)
  - Does not count 9th graders for 60% portion of funds
- Length of training provided
  - Minutes Per Week x Number of Weeks
- 61a1 funds cannot exceed 75% of the Added Cost of any program

(Note: Regression analysis demonstrated that amount of funding received by a CIP Code is explained very well by only two factors: Student Hours and State rank). A simple formula can produce similar results to current complex one.

<u>Proposed Formula for 60% of 61a1 Funds</u>
- **RECOMMENDATION:** Use "Student Progress Through The Program" instead of "Student Hours" (Minutes Per Week/Number of Weeks per student—a form of "Seat Time") as enrollment factor in formula [Goals 1, 2, 3]
  - Enrollees (<7 segments): Weight = 1
  - Concentrators (7-11 or 12 segments): Weight = 5
  - Completers (12 segments + took assessment, where applicable): Weight = 10
- **RECOMMENDATION:** Count students in PROGRAMS rather than course sections [Goals 1, 2, 3]
  - Count each student once per PSN per Year
  - Standardizes funding across different instructional designs. Once time is eliminated from formula, counting students in courses is unequal because instructional time and content differ across course sections.

- **RECOMMENDATION:** Use three Expenditure Groups instead of "reimbursement rate" as factor in formula [Goals 2, 3]
  - o Three expenditure categories (rather than current 16): [Goal 2]
    - Programs with average per student expenditures:
      - Programs with a cost per student in the top one-third: Weight = 10
      - Programs with a cost between the 33rd and 66th percentile: Weight = 5
      - Bottom 33rd percentile: Weight = 1
  - o CIP Code expenditure category grouped (currently Added Cost Factor is based on Career Cluster group)
  - o Based on mean of three years of expenditure data
  - o Method: Take mean of three years of expenditure data for each CIP Code and divide by total number of all students (enrollees, concentrators, and completers) producing a mean per student expenditure amount by program
    - Would reduce large changes to the formula from year-to-year based on expenditures
    - Would still take into account differing costs of operating different programs
- **RECOMMENDATION:** Programs higher on rank list generate more funds than programs lower on rank list [Goals 1, 2, 3]
  - o For the top 20 programs on the Rank List:
    - CIP Codes ranked 1-7 on rank list: Weight = 10
    - CIP Codes ranked 8-14 on rank list: Weight = 5
    - CIP Codes ranked 15-20 on rank list: Weight = 2.5
  - o Incorporates wage and demand into formula
- **RECOMMENDATION:** Fund an *a priori* set of CIP Codes with 60% funds [Goals 1, 2, 3]
  - o Possible ways to select CIP Codes:
    - Top (20) CIP Codes on Rank List
      - In trials, used 20 CIP Codes funded with 60% funds, compared to 12 funded under current formula
    - CIP Codes leading to "High Wage." Utilize Median Wage from Rank List calculations to identify CIP Codes
    - Other
      - Use an <u>objective</u> method to select the CIP Codes
- **RECOMMENDATION:** Distribute the 60% funds by assigning a fraction of total available funds to each PSN based on formula (rather than running a formula multiple times and then re-running to distribute 'left over' funds) [Goal 2].
  - o Proposed Fractional formula for 60% funds:

    $[E(a)+N(b)+C(c)] * M * R$ = Fraction of 60% Funds allocated to PSN

    Where:
    - E=number of enrollees (segments in CIP Code at end of school year <7)
    - N=number of concentrators (segments in CIP Code at end of school year=7-11 or 12)
    - C=number of completers (segments in CIP code at end of school year=12 + took assessment if applicable)
    - a=Enrollees weight (1)
    - b=Concentrators weight (5)
    - c=Completers weight (10)
    - M=Mean Cost Factor weight (10, 5, 1)
    - R=Rank List Factor Weight (10, 5, 2.5)

Proposed Formula for 40% Funds (CEPD Options)

- **RECOMMENDATION:** Determine CEPD Shares portion of the 40% funds allocated to each CEPD based on a percentage:
  - The proportion of all **CTE Concentrators/Completers in the CEPD** compared to total number of **CTE concentrators/completers in the state**
- **RECOMMENDATION:** Programs to be funded with the CEPD Share will be determined by the CEPD (Administrative rules)
  - CEPD selects PSNs to fund (currently CEPD Administrator ranks all PSNs). [Goals 1, 3]
  - Only PSNs selected by CEPD would receive a portion of the CEPD Share [Goal 2]
    - **RECOMMENDATION:** Amount allocated to each PSN by CEPD Options formula would be determined based on the following formula: [(# Concentrators * 5) + (# Completers * 10)] ***** Factor based on expenditures (1, 5, or 10, depending on the CIP Code) (parallels proposed formula for the 60%).
    - Note: All concentrators and completers are counted, regardless of student grade level
    - Formula will allocate a zero proportion of the CEPD share to programs without any concentrators or completers (excluding Family Consumer Science Programs [FCS] and capstone). These programs may expend funds generated by other PSNs within the Fiscal Agency (?)
    - A Fiscal Agency that has an FCS program but does not have any wage-earning programs (only 1 in state currently) cannot generate funds. Recommend that a different Fiscal Agency be identified for the FCS program

Proposed changes for both 60% and 40% Funds

Eliminate as many special rules/exceptions as possible (simplify) [Goal 2]

- **RECOMMENDATION:** Count all concentrators/completers regardless of student grade level
  - Grade level found not to be a stable data element and not easily determined by CTE operating entities
- **RECOMMENDATION:** Fund LTCS the same as other "regular" programs. Program consultants will do the monitoring
- **RECOMMENDATION:** No cap on number of students funded per PSN (eliminate "additional staff" as element in funding formula) (conditional on enrollees weighted '1' in formula
  - Districts have rules in place regarding class size
  - Any Time, Any Place, Any Way, Any Pace makes cap obsolete [Goals 1, 2]
- **RECOMMENDATION:** Allow summer course sections to be funded with 61a1 funds under same rules as all other course sections [Goals 1, 2]
  - Consistent with "Any Time, Any Place, Any Way, Any Pace"
  - Consistent with required clinical experiences often offered in summer
  - Eliminates necessity for exceptions (simplifies)
- **RECOMMENDATION:** Eliminate required number of minutes for programs [Goals 1, 2]
  - Is inconsistent with "Any Time, Any Place, Any Way, Any Pace."
- **RECOMMENDATION:** Eliminate exceptions to minimum minutes [Goals 1, 2]
  - No longer needed if minutes are no longer included in formula
- **RECOMMENDATION**: Districts report enrollments for New and Emerging programs but they are excluded from the funding formula.
  - In the past five years, no New and Emerging programs generated any funds, even though there were approved programs and reported enrollments.
- **RECOMMENDATION:** Eliminate funding of Capstone as stand-alone CIP Codes
- **RECOMMENDATION:** Exclude Family Consumer Science from generating funds (currently only included under CEPD Options) [Goals 2, 3]
  - Fiscal Agencies may still expend funds generated by other PSNs, on Parenthood Education

- **RECOMMENDATION:** Exclude Foundation 8 from 61a1 formula (legislated)
- **RECOMMENDATION:** Retain 60/40 split
    - Administrative rules: Programs funded by CEPD share shall be determined by the CEPD

Other Proposals:

Additive Factors
- Easy to modify based on needs and priorities
- Examples:
    - Performance-Based Funding:
        - Additive factor for Programs that meet criterion for placement in postsecondary education
    - Additive factor for STEM programs
- Formula with additive factors would look like this:

$$\{[E(a)+N(b)+C(c)] * M * R\} + S + P = \text{Fraction of 60\% Funds allocated to PSN}$$

Where:
    - E, a, N, b, C, c, M, R as above
    - S=Bonus amount for STEM Programs
    - P=Bonus amount for achieving criterion for placement in postsecondary education